



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
DAVID C. HOLLISTER, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

May 12, 2004

Dear Chief Executive Officer:

As you may be aware, Amerigroup Corporation has informed the Rehabilitator it is unwilling to complete the purchase of the assets of The Wellness Plan (TWP). The Rehabilitator, with court approval, intends to execute a plan to sell the assets of TWP. It is vitally important to ensure continuity of care to the members and maximize the value to the TWP creditors. Given the Michigan Department of Community Health's (MDCH) firm deadline of May 17th for the submission of bids to receive a new Medicaid contract, the Rehabilitator and court are soliciting offers from only licensed Michigan health plans. The Rehabilitator and MDCH processes are separate. MDCH process and timeline remain unchanged. This letter outlines the Rehabilitator's process and gives all licensed Michigan health plans an equal opportunity to participate.

If you are interested in purchasing the rights to serve any of the TWP membership, please contact the Rehabilitator's staff at (517) 335-1742 by no later than 5 p.m. on May 14. All interested parties will be required to sign confidentiality agreements to protect the membership information and trade secrets of TWP by no later than May 18th. Once confidentiality agreements are signed, information can be provided to the interested parties to allow the parties to submit reasonable offers. The Rehabilitator will facilitate a period of due diligence. Interested parties must submit their offers no later than June 2 at 2:00 p.m e.d.t. Interested parties will need to clearly indicate what counties or members they wish to purchase. Greater consideration will be given to buyers that will maximize the purchase price and acquire the most membership as part of the transaction. However, all offers, even for partial purchase of membership (i.e. counties), will be considered. The Rehabilitator reserves the right in her sole discretion to accept the offer of one or multiple buyers to maximize the value to the creditors. The Rehabilitator also reserves the right to refuse all offers in her sole discretion. The Rehabilitator reserves the right to make available to the court and the public all offers received as part of this process. Finally, any purchase of the membership is subject to approval by the court.

In their offers, interested parties will need to adequately demonstrate to the Rehabilitator:

1. The financial (cash) resources are readily available to consummate the transaction.
2. The potential buyers will continue to meet all financial requirements after the completion of the transaction.
3. The likelihood the potential buyers will receive a new Medicaid contract effective October 1, 2004.
4. The potential buyers' provider networks are adequate to acquire more members.
5. To ensure continuity of care to TWP members, the extent to which the potential buyers' provider network overlaps with TWP provider network.

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6. The likelihood the potential buyers will obtain the necessary regulatory approvals (i.e. OFIS and DCH) for the transfer of members.
7. The extent of any contingencies regarding the completion of the transaction.
8. The extent the purchase price is subject to any potential adjustments in subsequent periods.

If your health plan is interested in exploring this opportunity, please indicate your intentions immediately by contacting Judy Weaver (517) 335-1742. All offers should be submitted to Commissioner Linda A. Watters, Rehabilitator of The Wellness Plan, P.O. Box 30220, Lansing, Michigan 48909.

Sincerely,



Linda A. Watters
Rehabilitator
The Wellness Plan